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LA CANADA VENTURES, INC.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

LA CANADA VENTURES, INC.,

Plaintiff,

vs.

MDALGORITHMMS, INC.,

Defendant.

Case No.: _____

COMPLAINT

Plaintiff La Canada Ventures, Inc. (“La Canada”), by and through its counsel of record below, hereby brings this action against Defendant MDalgorithms, Inc. (“MDalgorithms”) and hereby alleges as follows:

NATURE OF THE ACTION

1. This is an action for infringement of La Canada’s registered trademarks and unfair competition under federal and state law, a declaration and order that

1 trademark registrations wrongfully issued to MDalgorithms be cancelled, and a
2 declaration that La Canada has committed no tortious acts against MDalgorithms.

3 **THE PARTIES**

4 2. La Canada is a California corporation having a principal place of business
5 at 448 N. San Mateo Drive, San Mateo, California 94401.

6 3. Upon information and belief, MDalgorithms is a Delaware corporation
7 with headquarters at 22 Shlomzion Hamalka Street, Herzlya, Israel 4662 and a regular
8 and established place of business in San Francisco, California.

9 **JURISDICTION AND VENUE**

10 4. The Court has original jurisdiction over this action pursuant to 15 U.S.C.
11 § 1131 and 28 U.S.C. §§ 1331 and 1338, supplemental jurisdiction over the state law
12 claims pursuant to 28 U.S.C. § 1367, and original jurisdiction over the declaratory
13 judgment claims pursuant to 28 U.S.C. § 2201, *et seq.*

14 5. This Court has personal jurisdiction over MDalgorithms because it
15 regularly conducts business in this district, the causes of action arise out of business
16 conducted in this district and, upon information and belief, has a regular and established
17 place of business in this district.

18 6. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391
19 because MDalgorithms is a corporation that is subject to personal jurisdiction in this
20 district and because a substantial portion of the acts giving rise to the causes of action
21 asserted herein arose from acts and occurrences within this district.

22 **LA CANADA AND ITS MARKS**

23 7. La Canada offers high quality health and beauty products and has done so
24 since at least as early as 2006. La Canada offers its products through retail outlets and
25 online through its website and through third party platforms, such as Amazon. La
26 Canada's products are sold throughout the United States and also internationally.

1 8. La Canada offers its products under its established MD brand which
2 consists of a family of marks consisting of the standalone term “MD” (the “MD Mark”)
3 and composite marks based on the root MD in combination with other terms (the “MD
4 Formative Marks”).

5 9. The MD Mark is registered to La Canada with the U.S. Patent and
6 Trademark Office (“USPTO”) as U.S. Reg. 4,471,494 for “cosmetics; hair shampoos
7 and conditioners; non-medicated acne treatment preparations; non-medicated
8 toiletries” in Class 3 and “acne treatment preparations; nutraceuticals for the treatment
9 of hair loss; nutraceuticals for use as a dietary supplement” in Class 5 based on a first
10 use of at least as early as January 1, 2012. As a result of its long-term use, the MD
11 Mark has achieved incontestable status pursuant to 15 U.S.C. § 1065.

12 10. Multiple MD Formative Marks are also registered to La Canada with the
13 U.S. Patent and Trademark Office, including: MD 101, U.S. Reg. 3,459,245; MD
14 LASH FACTOR, U.S. Reg. 3,432,209; MD INTIMATE RESTORE, U.S. Reg.
15 4,603,019; MD BY SUSAN F. LIN M.D., U.S. Reg. 5,860,508; MD INTIMATE
16 FRESH, U.S. Reg. 6,027,099; MD WELLNESS BY SUSAN LIN M.D., U.S. Reg.
17 6,251,811; and MD FACTOR, U.S. Reg. 6,309,386. The MD Formative Marks have
18 been used since at least as early as August 1, 2007 and, like the registered MD Mark,
19 two MD Formative Marks have achieved incontestable status.

20 11. La Canada has also adopted and used other MD Formative Marks that
21 consist of the MD Mark combined with another term or terms pertaining to the
22 particular application of the product, including MD® Skin, MD® Nutri Hair and MD®
23 Wellness. La Canada has offered its products in commerce using these additional MD
24 Formative Marks since at least as early as 2006 (MD® Skin), 2009 (MD® Nutri Hair)
25 and 2018 (MD® Wellness), respectively.

26 12. As a result of this long term and continuous use, MD has come to be
27 associated with La Canada in the minds of consumers as a source of high quality health
28

1 and beauty products.

2 13. La Canada has developed substantial and valuable good will in its MD
3 and MD Formative Marks.

4 **MDALGORITHMS AND ITS INFRINGING ACTIVITY**

5 14. Approximately three and a half years after La Canada began using an MD
6 Formative Mark, MDalgorithms began offering a treatment system that purportedly
7 includes computer software and app technology to diagnose and prescribe a treatment
8 for MDalgorithms' clients.

9 15. Consistent with that use, MDalgorithms registered "MDAcne" with the
10 USPTO as U.S. Reg. 4,946,004 for "computer software and downloadable computer
11 software for education and advice in the field of the care and treatment of skin
12 disorders, namely, acne" in Class 9, and "providing a website featuring information
13 and advice in the field of the diagnosis and treatment of acne" in Class 41. The
14 "MDAcne" application was filed more than 8½ years after La Canada adopted and
15 began using its MD Formative Marks and claims a date of first use of May 16, 2010,
16 at least 3-4 years after La Canada adopted and began using its MD Formative Marks.

17 16. MDalgorithms also registered as U.S. Reg. 5,519,511 "MDacne" for
18 "medicated skin treatment and cleansing creams" in Class 5 based on first use
19 beginning December 1, 2017, almost 6 years after La Canada adopted and began using
20 its MD Mark. Consistent with its other registrations at that point, the specimen that
21 MDalgorithms submitted to obtain registration showed that MDalgorithms was
22 offering a product that was purportedly customized for each individual client.

23 17. Similarly, MDalgorithms registered "MDHair" as U.S. Reg. 6,617,014 for
24 "providing temporary use of on-line non-downloadable computer software for
25 education and advice in the field of the care and treatment of skin and hair" in Class 42
26 based on a claimed first use of September 13, 2010, which was after La Canada adopted
27 and began using MD® Nutri Hair. The USPTO found "MDHair" to be descriptive and
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1 only allowed registration on the Supplemental Register.

2 18. MDalgorithms then filed an intent-to-use application to register
3 “MDSkin” for “downloadable mobile software for use in analyzing a users skin and
4 preparing a personalized treatment plan” in Class 9. In its June 24, 2021 response dated
5 to the USPTO’s refusal of the application, MDalgorithms cited La Canada’s registered
6 MD Mark.

7 19. According to MDalgorithms, the consuming public has come to recognize
8 MDalgorithms as a source of the computerized analysis system offered under the
9 “MDacne” and “MDHair” marks.

10 20. Recently, MDalgorithms has expanded beyond the software-based
11 systems for which it claims it has consumer recognition. MDalgorithms registered the
12 mark “MDacne,” which it originally registered and used in connection with its
13 computer-based diagnosis products, for “non-medicated skincare preparations” in
14 Class 3. MDalgorithms first used the mark in connection with health and beauty
15 products on November 21, 2021 with full knowledge of La Canada’s existing use (as
16 shown, *e.g.*, by its knowledge of La Canada’s MD Mark registration) and, as shown in
17 the MD Mark registration, almost 11 years after La Canada first used its mark for
18 similar goods. The specimen submitted by MDalgorithms contains no indication that
19 the product is in any way customized for individual customers.

20 21. MDalgorithms’ purported marks incorporate La Canada’s registered MD
21 Mark in its entirety. Moreover, MDalgorithms’ purported marks use the same structure
22 as La Canada’ MD Formative Marks, namely, the term “MD” followed by another
23 word or phrase.

24 22. MDalgorithms has admitted that “MD” is commonly understood to mean
25 “Doctor of Medicine.” A basic function of a Doctor of Medicine is to diagnose and
26 suggest a treatment. “MD” as used in the context of MDalgorithms customized
27 products based on an individualized analysis and treatment is therefore merely
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1 descriptive.

2 23. MDalgorithms combines the descriptive MD component with another
3 term that describes the condition to be treated, *e.g.*, acne or hair, in a manner that
4 renders the mark as a whole descriptive when used in the context of health and beauty
5 products. Because La Canada was first to use its MD Formative Marks,
6 MDalgorithms' descriptive marks could not have acquired secondary meaning prior to
7 La Canada's adoption and use of its marks.

8 24. The MDalgorithms' marks are similar in sight, sound and commercial
9 connotation to La Canada's MD Formative Marks and are being offered in connection
10 with products that directly compete with those offered by La Canada.

11 25. Shortly after MDalgorithms began using its MD-based marks for products
12 that directly compete with those offered by La Canada, La Canada began receiving
13 complaints about products, *e.g.*, "MD Hair," offered by MDalgorithms.

14 26. MDalgorithms' actions have therefore created actual consumer confusion
15 which, unless enjoined, is likely to continue and which will harm La Canada, including
16 diverting sales and eroding the valuable goodwill La Canada has developed in its MD
17 brand.

18 **MDALGORITHMS' WILLFUL DISREGARD OF ACTUAL CONFUSION**

19 27. Promptly after receiving the initial indications of actual confusion from
20 MDalgorithms' customers, La Canada sent a letter to MDalgorithms in which the actual
21 confusion was brought to MDalgorithms' attention and in which La Canada requested
22 that MDalgorithms cease its infringing activity. MDalgorithms responded to La
23 Canada's letter but refused to cease use of the infringing marks.

24 28. La Canada continued to experience actual confusion. It therefore reported
25 the infringement to Amazon.com and Apple pursuant to their respective policies
26 because MDalgorithms was selling infringing products through Amazon and its app
27 distributed through the Apple App Store.
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29. In a subsequent letter, MDalgorithms responded with assertions that La Canada's reporting of the confusion caused by MDalgorithms' marks was false because MDalgorithms' product purportedly incorporates a treatment system, while La Canada offers ordinary retail cosmetics.

30. The MDalgorithms' products, however, were also being sold as ordinary retail cosmetics without indication of an associated "treatment system." MDalgorithms nevertheless asserted that La Canada's actions were unlawful.

31. MDalgorithms then listed a series of demands for which it demanded compliance within days after the letter was received and stated that unless La Canada acquiesced to the demands, despite the actual confusion, MDalgorithms would sue La Canada for various tortious acts, including defamation, false light, tortious interference, and unfair business practices, and seek monetary and injunctive relief.

COUNT I – FEDERAL TRADEMARK INFRINGEMENT

32. La Canada hereby restates and incorporates the factual allegations in Paragraphs 1-31 above as if set forth fully herein.

33. La Canada is the owner of the mark MD and multiple MD Formative Marks which it has used in commerce continuously since at least as early as 2006.

34. La Canada's marks are the subject of multiple federal registrations, including U.S. Reg. 4,471,494, U.S. Reg. 3,459,245, U.S. Reg. 3,432,209, U.S. Reg. 4,603,019, U.S. Reg. 5,860,508, U.S. Reg. 6,027,099, U.S. Reg. 6,251,811, and U.S. Reg. 6,309,386. The La Canada registrations are valid and subsisting.

35. At least four of La Canada's federal registrations, including U.S. Reg. 4,471,494, are incontestable pursuant to 15 U.S.C. § 1065, which is conclusive evidence under 15 U.S.C. § 1115 of the validity of La Canada's marks covered by the incontestable registrations, including the MD Mark, La Canada's ownership of the marks, and La Canada's exclusive rights to use the registered marks for the goods and services that are the subject of the registrations.

1 36. La Canada has priority over MDalgorithms to use MD as the sole or
2 substantial portion of a mark for health and beauty products.

3 37. La Canada has developed substantial goodwill and consumer recognition
4 in its MD brand, including the MD Mark and the MD Formative Marks, based on its
5 long-term and continuous use over almost 16 years.

6 38. MDalgorithms has adopted and is using MD marks, including “MD Acne”
7 and “MD Hair” in commerce regarding the sale of health and beauty products in direct
8 competition with La Canada. MDalgorithms’ marks are confusingly similar to those
9 of La Canada in sight, sound and commercial connotation.

10 39. MDalgorithms offers, sells and distributes health and beauty products
11 under the infringing MD marks to the same or substantially similar class of consumers
12 through the same or substantially similar channels of trade as La Canada.

13 40. MDalgorithms’ adoption and use of MD marks has caused actual
14 confusion and, unless enjoined, is likely to cause continued confusion among
15 customers and potential customers as to the source and quality of goods offered by La
16 Canada.

17 41. MDalgorithms’ actions therefore constitute infringement of La Canada’s
18 rights in its registered MD Mark and/or MD Formative Marks pursuant to 15 U.S.C.
19 §§ 1114, 1125(a).

20 42. MDalgorithms’ actions have eroded and threaten to further erode the
21 substantial goodwill La Canada has developed in its MD brand.

22 43. La Canada has therefore been harmed by MDalgorithms’ use of its
23 infringing marks and, unless such use is enjoined, will continue to be harmed.

24 44. MDalgorithms’ actions have been willful and in disregard of La Canada’s
25 rights of which MDalgorithms is and was aware.

26 45. La Canada is therefore entitled to an award of damages as well as fees and
27 costs to the fullest extent allowed under the Lanham Act, 15 U.S.C. § 1051 *et seq.*, and
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1 entry of an order enjoining further infringing acts by MDalgorithms.

2 **COUNT II – UNFAIR COMPETITION**

3 46. La Canada hereby restates and incorporates the factual allegations in
4 Paragraphs 1-45 above as if set forth fully herein.

5 47. La Canada is the owner of the mark MD and multiple MD Formative
6 Marks which it has used in commerce continuously since at least as early as 2006.

7 48. La Canada has priority over MDalgorithms to use MD as the sole or
8 substantial portion of a mark for health and beauty products.

9 49. La Canada has developed substantial goodwill and consumer recognition
10 in its MD brand, including the MD Mark and the MD Formative Marks, based on its
11 long-term and continuous use over almost 16 years.

12 50. MDalgorithms has adopted and is using MD marks, including “MD Acne”
13 and “MD Hair” to advertise and sell to consumers health and beauty products in direct
14 competition with La Canada. MDalgorithms’ marks are confusingly similar to those
15 of La Canada in sight, sound and commercial connotation.

16 51. MDalgorithms offers, sells and distributes health and beauty products
17 under the infringing MD marks to the same or substantially similar class of consumers
18 through the same or substantially similar channels of trade as La Canada.

19 52. MDalgorithms’ adoption and use of MD marks has caused actual
20 confusion and, unless enjoined, is likely to cause continued confusion among
21 customers and potential customers as to the source and quality of goods offered by La
22 Canada.

23 53. MDalgorithms’ actions therefore constitute unfair and deceptive business
24 practices prohibited by California Business & Professions Code § 17200 and at
25 common law.

26 54. MDalgorithms’ actions have eroded and threaten to further erode the
27 substantial goodwill La Canada has developed in its MD brand.
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1 55. La Canada has therefore been harmed by MDalgorithms' use of its
2 infringing marks and, unless such use is enjoined, will continue to be harmed.

3 56. MDalgorithms' actions have been willful and in disregard of La Canada's
4 rights of which MDalgorithms is and was aware.

5 57. La Canada is therefore entitled to an award of damages as well as fees and
6 costs to the fullest extent allowed and entry of an order enjoining further acts of
7 infringement or other unfair competition by MDalgorithms.

8 **COUNT III – CANCELLATION OF REGISTRATION**

9 58. La Canada hereby restates and incorporates the factual allegations in
10 Paragraphs 1-57 above as if set forth fully herein.

11 59. La Canada is the owner of the mark MD and multiple MD Formative
12 Marks which it has used in commerce continuously since at least as early as 2006.

13 60. La Canada's marks are the subject of multiple federal registrations,
14 including U.S. Reg. 4,471,494, U.S. Reg. 3,459,245, U.S. Reg. 3,432,209, U.S. Reg.
15 4,603,019, U.S. Reg. 5,860,508, U.S. Reg. 6,027,099, U.S. Reg. 6,251,811, and U.S.
16 Reg. 6,309,386. The La Canada registrations are valid and subsisting.

17 61. At least four of La Canada's federal registrations, including U.S. Reg.
18 4,471,494, are incontestable pursuant to 15 U.S.C. § 1065, which is conclusive
19 evidence under 15 U.S.C. § 1115 of the validity of La Canada's marks covered by the
20 incontestable registrations, including the MD Mark, La Canada's ownership of the
21 marks, and La Canada's exclusive rights to use the registered marks for the goods and
22 services that are the subject of the registrations.

23 62. La Canada has priority over MDalgorithms to use MD as the sole or
24 substantial portion of a mark for health and beauty products.

25 63. La Canada has developed substantial goodwill and consumer recognition
26 in its MD brand, including the MD Mark and the MD Formative Marks, based on its
27 long-term and continuous use over almost 17 years.

1 processes and procedures provided by those platforms.

2 73. MDalgorithms has expressly accused La Canada of acting illegally in
3 reporting the actual confusion and expressly threatened to bring suit in which it will
4 allege various theories of improper business conduct and seek damages and an
5 injunction.

6 74. La Canada's actions were legitimate acts as an owner of numerous
7 registrations of MD marks for use in connection with health and beauty products, which
8 La Canada began offering under the marks years prior to MDalgorithms.

9 75. La Canada is therefore entitled to a declaration pursuant to 28 U.S.C. §
10 2201 *et seq.* that it has not acted in any unfair or unlawful manner.

11 **PRAYER FOR RELIEF**

12 WHEREFORE, Plaintiff La Canada Ventures, Inc. respectfully requests that the
13 Court enter judgment in its favor and against defendant MDalgorithms, Inc. as follows:

- 14 A. Adjudging that MDalgorithms, Inc.'s use of "MD" as a portion of a mark for
15 health and beauty products infringes La Canada Ventures, Inc.'s rights in its
16 family of MD Formative Marks, including the registered MD Mark;
- 17 B. Preliminarily and permanently enjoining MDalgorithms, Inc. from using
18 "MD" or any colorable imitation thereof in a manner that is confusingly
19 similar to La Canada Ventures, Inc.'s MD marks;
- 20 C. Awarding monetary damages in an amount to be proven at trial;
- 21 D. Adjudging and declaring MDalgorithms, Inc.'s infringement to be willful;
- 22 E. Enhancing the monetary damages award up to three times pursuant to 15
23 U.S.C. § 1117(a)-(b);
- 24 F. Awarding La Canada Ventures, Inc. its attorney's fees and costs;
- 25 G. Entering and order that MDalgorithms, Inc.'s U.S. Reg. 6,668,393 is to be
26 cancelled by the U.S. Patent and Trademark Office;

- H. Adjudging and declaring that La Canada Ventures, Inc.’s actions have been lawful and have not violated any right of MDalgorithms, Inc.; and
- I. Awarding such other and further relief as the Court deems proper.

JURY TRIAL DEMANDED

Plaintiff La Canada Ventures, Inc. hereby requests a trial by jury for all issues so triable.

DATED: November 16, 2022 Respectfully Submitted,

By: /s/ Andrew S. Dallmann

Andrew S. Dallmann
MCCARTNEY DALLMANN LLP

Attorneys for Defendant
LA CANADA VENTURES, INC.